



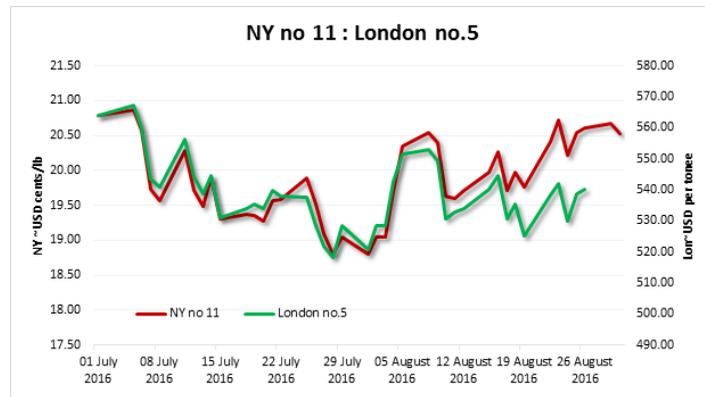
WEEKLY SUGAR EDITORIAL: The Technical Game

Most of the NY No 11 movements were influenced by technical; we have a firm conclusion on nearby fundamentals outlook as supply look ample until early of the year with 500,000 MT are expected going to the tape in this coming October16 expiry.

Demand of white sugar look weak at this level. The white sugar futures still trading between USD 535 – USD 550 while the cash premium still on the high side making final price FOB Thailand at USD 600.00.

Both NY No 11 and London 5 has been strongly correlated technically rather than fundamentally so far, thin volumes and slow involvements from the trades making sugar more vulnerable to any macro influence.

The index funds will start rolling their position on the 30th of August, and the specs still holding 327,000 lots of records long for Oct16 with VH on discount, this doesn't look good at all.



Fundamentals

Brazilian officials stated that the government has no plans to extend a tax exemption for ethanol sales that expiring in December, in its broad push to rebalance the country's depleted public accounts. Expiration of this subsidy will make biofuel less attractive for mills and may prompt Brazil to produce and export more sugar while importing gasoline.

UNICA is expected to publish the results of FH August crushing next week. We forecast the crushing to be around 46.07MMT and sugar production to be nearby 3MMT. As per the information that we received most of the mills were stopped for at least a day due to unscheduled maintenance. For the SF August some rains happened over the weekend will also affect the crushing and should also disrupt the ATR.

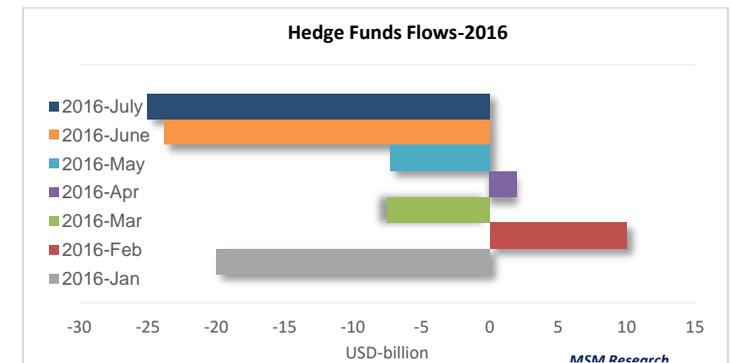
Though rain disrupted the crushing over the weekend that will merely be a part of only 2-3 days lost to rain for SF August, the forecast shows more rain between 5-15 September but that still two weeks away and unreliable.

In India, on the other hand, the rains have been below average for the month with isolated rains in certain parts. For the month, the country as whole has received 5.3% less than normal but forecast shows a recovery until the end of the month. In an accumulated basis, the rains are in line with average.

Macro

For the 'Hedge funds' 2016 has been a tough year and it is getting even worse now. As per the latest estimate by eVestment the investors pulled an estimated USD 25.2 billion from the funds in the month of July which is the biggest monthly redemption since February 2009. This brings the total outflows this year to USD 55.9 billion.

Hedge funds, are known to charge high fees in the money management business, and are now facing constant criticism from investors over steep costs and performance that hasn't kept pace with the financial markets. Top 10 funds with the highest redemptions in July lost an average of 4.1 percent in the first seven months of this year. Industrywide, funds returned an average of 1.2 percent this year through July, according to data compiled by Bloomberg, compared with about 7.6 percent for the S&P 500 Index.



Reference: Bloomberg/eVestment
Chart 1: Shows investors pulled out \$25.2 billion from hedge funds in July,16; this bring total redemption this year to \$55.9 billion.



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The biggest outflow in July came from the credit and multi-asset funds, about USD 10 billion from each category. Commodity funds have consistently push in new money this year, bringing inflows to \$10.3 billion over the last 14 months.

However, by Friday oil fell and was set for its largest weekly decline in a month after Saudi energy minister cooled expectation that the top producers might agree next month to curb crude output level.

Market Data

NY Sugar No. 11				
Symbol	Settle	Weekly Variance	Low/High	Open Interest
Oct'16	20.61	+4.24%	20.32/20.72	420,671
Mar'17	21.09	+3.99%	20.80/21.17	273,087
May'17	20.49	+3.38%	20.21/20.52	83,105
Jul'17	19.86	+2.95%	19.61/19.91	53,937
Oct'17	19.53	+2.78%	19.32/19.60	36,482
Mar'18	19.32	+2.60%	19.13/19.37	17,618
May'18	18.68	+2.24%	18.68/18.73	5,500
Jul'18	18.21	+1.78%	18.21/18.21	4,870
Oct'18	17.94	+1.29%	17.94/17.94	4,219

Sugar No. 11 Spreads			
Symbol	Settle	Weekly Variance	Low/High
Oct'16/Mar'17	-0.48	+5.88%	-0.48/-0.45
Mar'17/May'17	0.60	+30.43%	0.59/0.65
May'17/Jul'17	0.63	+18.86%	0.59/0.64

London No.5				
Symbol	Settle	Weekly Variance	Low/High	Open Interest
Oct'16	540.20	+2.83%	533.50/541.90	32,746
Dec'16	549.10	+2.94%	542.80/550.20	21,267
Mar'17	553.70	+2.72%	547.10/554.10	18,543
May'17	546.40	+2.86%	541.70/546.50	9,990

Soft Commodities			
	Last	Weekly Variance	Low/High
Cocoa	3014	-2.61%	2980/3051
Soybean	995'4	-3.39%	994'2/1002'2
Corn	320'6	-4.19%	320'6/325'2
Wheat	392'6	-9.25%	391'4/402'2

FOREX				
	Ask	Weekly Variance	Low/High	TimeUAE
EUR/USD	1.12597	-0.50%	1.12424/1.13407	19:37:12
BRL/USD	3.1890	-1.20%	3.1905/3.1895	19:37:12
MYR/USD	4.0130	+0.06%	4.0095/4.0226	19:37:12
CNY/USD	6.6680	+0.80%	6.6553/6.6696	19:37:12

Metals			
	Last	Weekly Variance	Low/High
COMEX Gold	1328.6	+1.41%	1321.8/1346.0
COMEX Silver	18.720	+3.30%	18.470/19.035
COMEX Cooper	2.0770	-4.21%	2.0755/2.0995
COMEX Platinum	1074.1	-4.02%	1060.3/1094.4

Energy			
	Last	Weekly Variance	Low/High
WTI Oil	47.61	-1.34%	46.94/48.46
Brent Oil	49.75	-1.89%	49.12/50.76
Gasoil	435.25	-2.02%	432.25/445.25
Ethanol	1.443	-2.76%	1.443/1.443

Highlights for this week: -

- China custom data showed the country imported 420,000MT sugar in July, down 13.6 per cent on year but up from 370,000MT in June and the highest since December's imports of 500,000MT.
- The Indonesian agriculture ministry expects to see a 339,400MT excess in sugar supplies by the end of the year.
- Ukraine's association of sugar producers, said in a report that they expect to export 250,000mt in 2016, mainly going to Georgia, Israel, Azerbaijan and Hong Kong.

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